

Message Text

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ORIGIN EB-02

INFO OCT-01 EA-02 ADP-00 /005 R

66640

DRAFTED BY: EB/ AN: PJGLASOE

APPROVED BY: EB/ AN: MHSTYLES

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R 272014 Z APR 73

FM SECSTATE WASHDC

TO AMCONSUL MELBOURNE

UNCLAS STATE 079790

FOL TEL SENT SECSTATE FROM MADRID APRIL 27 TH:

QUOTE: MADRID 2279

E. O. 11652: N/ A

TAGS: ETRN SP

SUBJECT: CIVAIR - SPANTAX CHARTERS

REF: STATE 78486

1. SPANTAX TOLD EMBOFF REMAINING 17 CHARTERS (REFTEL)
APPROVED ACCORDING TO TELEX FROM SPANTAX ATTORNEY BOROS IN
WASHINGTON.

2. SPANTAX SAID MAIN PROBLEM IS UPLIFT RATIO, AND TEST
CASE THEREOF IN FORM OF REQUEST FOR CAB APPROVAL OF
ARRANGEMENT WITH HOLIDAIR BOSTON FOR 99 FLIGHTS AT RATE
FOUR PER WEEK BETWEEN NOVEMBER 1973 AND APRIL 1974. APRIL
20 LETTER FROM CAB/ CALDWELL TO BOROS ASKS SPANTAX DEMON-
STRATE IT HAS REQUIRED NUMBER CHARTER FLIGHTS IN OTHER
DIRECTION TO FULFILL REQUIREMENT UPLIFT RATIO.

3. SPANTAX PRESIDENT BAY TOLD EMBOFF HIS FIRM HS
REQUESTED GUIDANCE FROM O' CONNOR BEFORE INSTRUCTING BOROS
ON REPLY TO MAKE TO CAB, ON GROUNDS UPLIFT RATIO
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REQUIREMENT MAKES US SPAIN CHARTER MARKET UNPROFITABLE

FOR SPANTAX. THERE IS NOT ENOUGH SPAIN US CHARTER TRAFFIC FOR SPANTAX TO HAVE ANY HOPE OF GETTING 3 CHARTER FLIGHTS IN THAT DIRECTION FOR EVERY 4 FROM THE U. S. , HE ADDED. HENCE NEEDS GOS GUIDANCE BEFORE CONTINUING AND SUSTAINING FURTHER LOSSES.

4. SPANTAX OFFICIALS FURTHER STATED THEY IN NORTH ATLANTIC MARKET ONLY ON URGING GOS AND INSIST CANNOT FUNCTION THERE UNDER CONDITIONS PRESENT UPLIFT RATIO. STATED SPAIN HAS INFORMED AIR CHARTER AGREEMENT WITH CANADA SHARING CANADA- SPAIN MARKET 50-50 AND ADDED ALMOST NO SPANIARDS GO TO CANADA EITHER. SPANTAX, BAY WENT ON, CAN HARDLY FILL ONE FLIGHT A WEEK, EVEN OFFERING PACKAGE ROUND TRIP MADRID- NEW YORK PLUS ONE WEEK HOTEL IN NEW YORK FOR 12,000 PESETAS.

5. BOTH SPANTAX AND O' CONNOR HAVE EMPHASIZED IN LAST WEEK THAT IF NO WAY FOUND REMEDY UPLIFT RATIO SITUATION (SUCH AS WAIVER FOR YEAR OR TWO) GOS MAY IMPOSE COMPARABLE UPLIFT RATIO ON CHARTERS FROM U. S. TO SPAIN.

6. SPANTAX OFFICIALS SUMMED UP WITH OPINION IMPOSSIBLE FOR SPAIN OBTAIN GREATER SHARE US- SPAIN CHARTER MARKET (PRIME MINAIR CONDITION FOR US- SPAIN CHARTER TALKS) WITHOUT MODIFICATION UPLIFT RATIO REQUIREMENT. RIVERO UNQUOTE ROGERS

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 27 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE079790
Document Source: CORE
Document Unique ID: 00
Drafter: EB/ AN: PJGLASOE
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730454/aaaaiyyv.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 STATE 78486
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 22 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22-Oct-2001 by cunninfx>; APPROVED <07 FEB 2002 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 980204
Subject: CIVAIR - SPANTAX CHARTERS
TAGS: ETRN, SP
To: MELBOURNE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005